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NEW MEXICO BUSINESS

CURRENT ECONOMIC REPORT

Vol. 11 No. 8
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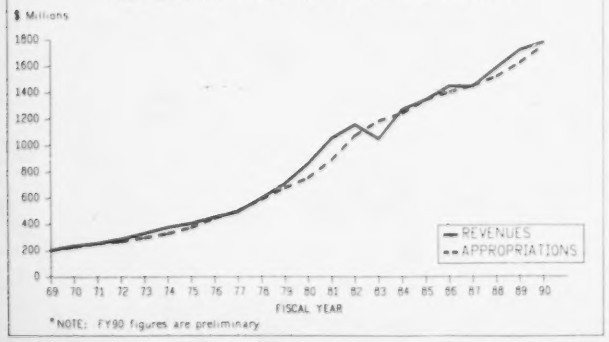
THE NEW MEXICO GENERAL FUND

Public school education in New Mexico is funded through the New Mexico general fund. In Fiscal Year 1990 (FY90), this amounted to $863.52 million. Other forms of education, primarily the state's university system, are also funded in part by the general fund, totalling about $300 million. Overall, the general fund dispensed almost $1.7 billion in FY90, about half of total state government disbursements. Education currently receives about two-thirds of the total general fund appropriations (although that fraction has been steadily declining from about three-fourths in 1969). The remainder goes to fund several state agencies, including the Human Services Dept., the Finance and Administration Dept., the Taxation and Revenue Dept., the Corrections Dept., the state legislative and judicial systems and various other elements of the state government.

The general fund receives recurring revenues primarily from gross receipts and selective sales taxes, corporate and personal income taxes, designated severance taxes, rents and royalties, and interest earnings from various state funds. General fund recurring revenues (FIGURE 1) have grown an average of 10.9 percent annually since 1969 (although only 7.5 percent annually since 1980). During the mid-70s and early-80s New Mexico general fund revenues and expenditures grew quite rapidly, reflecting the large increase in energy-based taxes, a strong state economy and high inflation. In the six years between FY75 and FY81, general fund revenues grew at an annual rate of 17.1 percent, while general fund appropriations increased by 15.4 percent annually. As a result, the state accumulated sizeable cash balances. After 1982 however, energy-based revenues began to decline, following oil and natural gas prices, and accounted for a smaller percent of total general fund revenues (FIGURE 2).

FIGURE 1

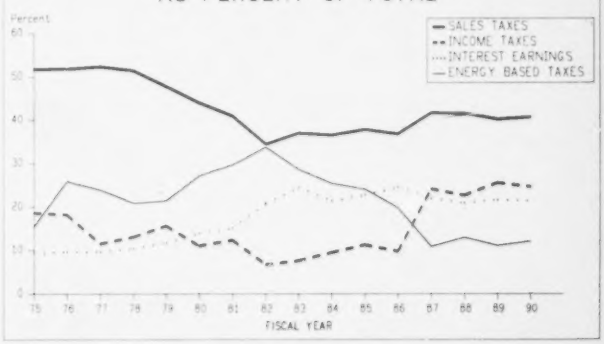
GENERAL FUND RECURRING REVENUES AND APPROPRIATIONS *



*NOTE: FY90 figures are preliminary

FIGURE 2

GENERAL FUND REVENUE SOURCES AS PERCENT OF TOTAL



Because of the increasing level of cash balances, the state legislature passed the "Big Mac" general tax reduction bill in 1981, which affected personal income taxes, the gross receipts tax and property taxes. As a result, income tax and sales tax (together referred to as 'broad-based taxes') general fund revenues declined in 1982 and 1983 before starting to climb again in 1984 (FIGURE 3), and general fund revenues actually fell 7.2 percent in 1983. Broad-based taxes increased dramatically in 1987 following the passage of the Tax Reform Act of 1987, which increased the gross receipts tax by a half percent. The state also benefitted from a change in federal income tax procedures which had the effect of increasing taxpayer adjusted gross income, to which the New Mexico personal income tax is tied.

Interest earnings, which comprised less than ten percent of general fund revenues in 1975, began to grow in importance in the early 80s as broad-based and energy-based taxes declined, and accounted for about 25 percent of general fund revenues in 1983. Since then, broad-based tax revenues have

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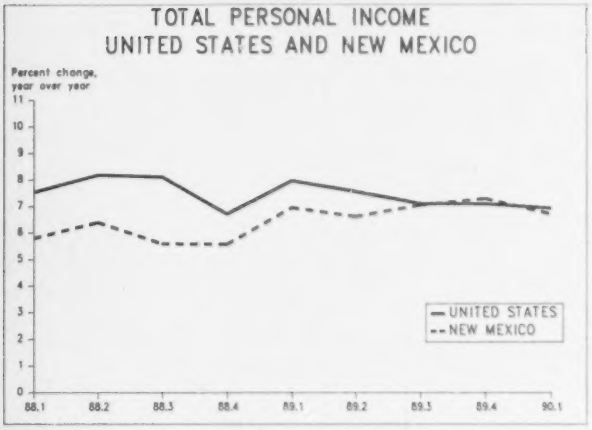
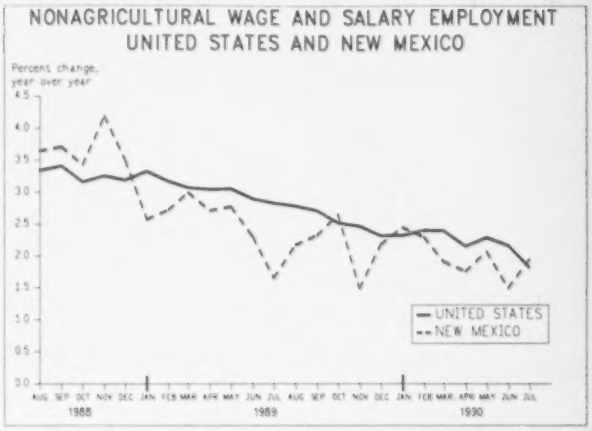
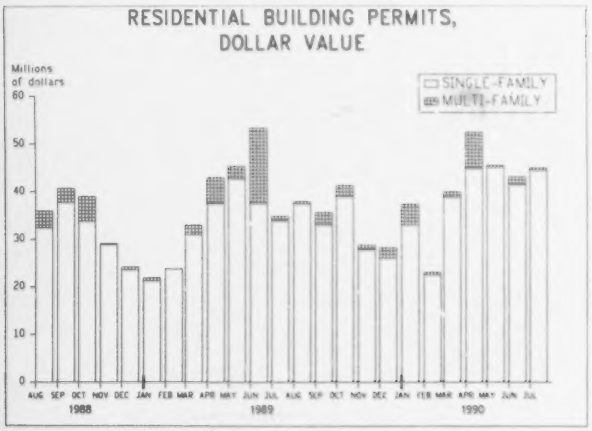
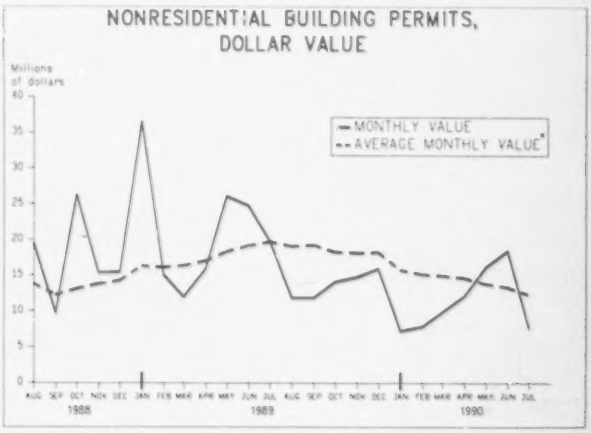
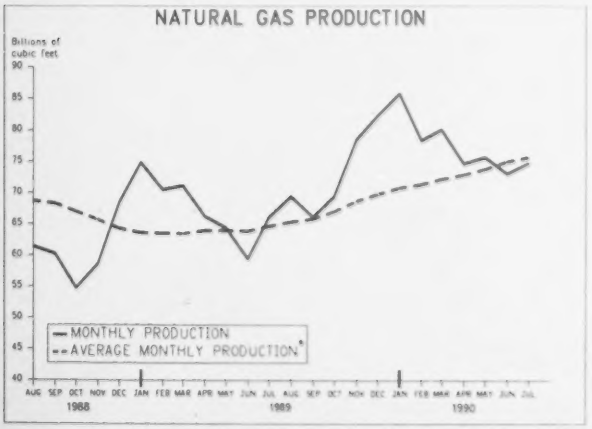
ECONOMIC TRENDS IN NEW MEXICO

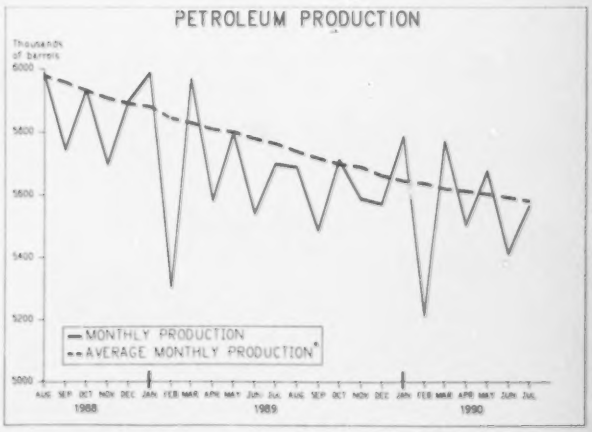












* 12 month moving average. For example, the point for August, 1988 represents an average of data from September, 1987 through August, 1988.

U.S. ECONOMIC INDICATORS

	CURRENT MO/QTR	DATA	% CHANGE YEAR AGO	PREVIOUS MO/ QTR DATA
Consumer price index				
All urban consumers (1982-84=100)				
All items	Jul 90	130.4	4.8	129.9
Food and beverages	Jul 90	132.4	5.6	131.7
Housing	Jul 90	129.2	4.3	128.3
Apparel and upkeep	Jul 90	120.8	5.0	123.3
Transportation	Jul 90	118.4	2.6	118.2
Medical care	Jul 90	163.5	9.2	161.9
Entertainment	Jul 90	132.7	4.6	131.9
Other goods and services	Jul 90	159.2	8.1	157.8
Revised series, wage earners and clerical workers (1982-84=100)				
All items	Jul 90	128.7	4.5	128.3
Gross national product* ($Bil. constant)	Q2 90	4162.8	1.2	4150.6
Prime interest rate** (% per annum)	Jul 90	10.1	-3.8	10.0
Mortgage interest rate*** (% per annum)	Jul 90	10.1	-3.8	10.1
3 month treasury bill# (% per annum)	Jul 90	7.7	-3.3	7.7
.ndustrial production## (1987=100)	Jul 90	109.9	1.9	109.9
Manufacturers new orders## ($Bil.)	Jul 90	240.3	4.3	236.6

NEW MEXICO AND U.S. COMPARISONS

		NEW MEXICO			UNITED STATES		
	CURRENT MO/QTR	CURRENT MO/QTR DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	CURRENT MO/QTR DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA
Employment (000)	Jul 90	664.8	1.1	659.9	119,954	0.4	119,605
Unemployment rate (%)	Jul 90	6.5	-	7.4	5.5	-	5.3
Nonagricultural employment (000)	Jul 90	566.7	1.9	571.1	110,513	1.8	111,897
Personal income### ($Mil.)	Q1 90	20,938	6.7	20,728	4,548,951	6.9	4,462,173
Housing units permitted							
Single	Jul 90	516	28.0	516	70,882	-10.7	79,462
Multi	Jul 90	11	-78.4	74	25,021	-15.2	30,460

Note: Selected data items subject to revision.
N Not available.
* 1982 dollars at seasonally adjusted annual rates.
** Closing rate for month.
*** Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years.
# Rate on new issues within period; bank discount basis.
Monthly data seasonally adjusted.
Quarterly data seasonally adjusted at annual rates.
Sources: U. S. Department of Labor, News: CPI data;
New Mexico Department of Labor and U. S. Bureau of Labor Statistics: employment and unemployment data.
U. S. Department of Commerce, Bureau of Economic Analysis: income data;
U. S. Department of Commerce, Bureau of the Census: construction data.
U. S. Council of Economic Advisors, Economic Indicators: all other data.

NEW MEXICO ECONOMIC INDICATORS

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	% CHANGE# 12 MONTH AVERAGES
1. GENERAL					
Civilian labor force* (000)	Jul 90	711.2	0.8	712.9	1.5
Total employment* (000)	Jul 90	664.8	1.1	659.9	2.3
Unemployment* (000)	Jul 90	46.4	-2.5	53.0	-8.1
Unemployment rate (%)	Jul 90	6.5	-	7.4	-
Weekly new unemployment insurance claims	Jul 90	1026.0	-16.0	1114.0	-7.0
Nonagricultural wage/salary employment**(000)	Jul 90	566.7	1.9	571.1	2.1
Personal income*** ($ mil.)	Q1 90	20938.0	6.7	20728.0	6.9
New business incorporations	Jun 90	259.0	18.3	259.0	12.8
Business failure liabilities ($ 000)	Dec 89	1642.0	137.3	4004.0	-61.1
2. AGRICULTURAL RECEIPTS					
Livestock and products ($ mil.)	Apr 90	75.7	10.7	80.8	20.6
Crops ($ mil.)	Apr 90	18.4	-6.1	17.7	12.5
Total ($ mil.)	Apr 90	94.1	7.1	98.5	18.0
3. MINING					
Employment** (000)	Jul 90	14.6	0.7	14.7	2.1
Average hourly earnings ($)	Jul 90	12.69	2.3	12.33	3.7
Petroleum production (000 bbls.)	Jul 90	5559.7	-2.4	5407.1	-3.2
Natural gas production (bil. cu. ft.)	Jul 90	74.8	13.3	73.1	17.1
Coal production (000 short tons)	Jul 90	1703.0	8.5	2353.0	4.9
Oil well completions&	Jul 90	44.0	12.8	58.0	4.9
Gas well completions&	Jul 90	62.0	93.8	46.0	33.0
Total footage drilled&& (000)	Jul 90	471.3	22.0	496.8	3.4
Oil sales ($ mil.)	May 90	90.8	-14.5	87.0	15.8
Gas sales ($ mil.)	May 90	93.9	7.3	95.1	24.2
4. CONSTRUCTION					
Employment** (000)	Jul 90	29.5	-8.4	29.3	-4.9
Average hourly earnings ($)	Jul 90	10.57	-6.3	10.60	2.3
Residential units permitted	Jul 90	527.0	16.1	590.0	-7.8
Residential building permits ($ mil.)	Jul 90	44.9	29.4	43.0	8.0
Nonresidential building permits ($ mil.)	Jul 90	7.7	-61.1	18.4	-37.5
Residential construction contracts ($ mil.)	Jul 90	40.4	-13.7	40.6	-4.2
Nonresidential construction contracts ($mil.)	Jul 90	23.3	-34.6	18.6	-11.5
Nonbuilding construction contracts ($ mil.)	Jul 90	18.4	-29.5	28.6	-29.0
5. TRANSPORTATION/COMMUNICATION/UTILITIES					
Employment** (000)	Jul 90	27.9	-0.4	27.8	0.0
Communications average hourly earnings ($)	Jul 90	15.09	11.0	14.29	3.8
Utilities average hourly earnings## ($)	Jul 90	14.72	0.8	14.81	1.7
6. MANUFACTURING					
Employment** (000)	Jul 90	42.9	3.1	43.3	3.1
Average hourly earnings ($)	Jul 90	8.90	1.0	8.99	0.6
Electric & electronic equipment employment** (000)	Jul 90	6.0	9.1	6.0	1.8
Transportation equipment employment** (000)	Jul 90	5.4	1.9	5.4	1.9
Food & kindred products employment** (000)	Jul 90	4.6	17.9	4.7	14.6
Textile & apparel employment** (000)	Jul 90	2.6	-7.1	2.6	0.0
Lumber & wood products employment** (000)	Jul 90	2.5	-3.8	2.5	0.0

NEW MEXICO ECONOMIC INDICATORS (continued)

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	% CHANGE# 12 MONTH AVERAGES
7. TRADE					
Wholesale employment** (000)	Jul 90	24.7	2.1	24.7	2.1
Retail employment** (000)	Jul 90	111.5	0.2	111.6	1.7
Average hourly earnings ($)	Jul 90	6.93	-1.8	7.01	3.2
8. FINANCE/INSURANCE/REAL ESTATE					
Employment** (000)	Jul 90	26.7	0.0	26.8	1.1
Bank average hourly earnings ($)	Jul 90	6.58	-0.2	6.59	3.5
Bank total assets ($ mil.)	Q2 90	11228.0	9.6	10429.0	5.4
Bank total deposits ($ mil.)	Q2 90	9499.0	10.5	9088.0	5.7
Bank net loans ($ mil.)	Q2 90	5875.0	2.7	5560.0	1.0
S & L total assets ($ mil.)	Dec 89	4871.0	-9.6	4943.0	-9.7
S & L total deposits ($ mil.)	Dec 89	4445.0	-4.6	4492.0	-4.8
S & L new mortgage loans closed&&& ($ mil.)	Dec 89	58.0	-37.0	46.0	-30.7
9. SERVICES AND TOURISM					
Total service employment** (000)	Jul 90	146.2	3.0	145.8	2.8
Lodging employment** (000)	Jul 90	12.8	1.6	12.6	0.9
Eating & drinking places employment** (000)	Jul 90	42.7	0.7	42.7	3.0
Visits to state parks (000)	Jul 90	718.4	-5.6	788.1	-4.3
Visits to national parks/monuments (000)	Jul 90	338.1	2.0	276.0	2.2
Passenger traffic at Albuquerque airport@ (000)	Jul 90	473.3	5.4	464.2	8.3
Lodgers tax receipts ($ 000)	Q2 90	3062.1	11.1	2261.8	14.3
Lodging occupancy rates (%)	Jul 90	76.2	-2.4	77.4	2.3
10. GOVERNMENT					
Total government employment** (000)	Jul 90	142.7	5.4	147.1	3.3
Federal employment** (000)	Jul 90	32.8	1.2	33.1	1.9
State employment** @@ (000)	Jul 90	47.2	8.8	48.5	5.7
Local employment** (000)	Jul 90	62.7	5.2	65.5	2.1
Total general fund revenues@@@ ($ mil.)	Jul 90	140.5	-0.7	161.6	5.1

Note selected data items subject to revision.
N Not available.
* Number of persons by place of residence.
** Number of jobs by place of work.
*** Quarterly data seasonally adjusted at annual rates.
& These include wells that are in the following categories: new drillings, deepened, plugged back, reentry and additional zone.
&& Oil and gas combined.
&&& New mortgage loans closed equals the previously carried item "Total loans closed" plus a relatively insignificant additional loan category.
# For example, in the report that contained June 1985 figures this would be the percent change in the average of July 1983 to June 1984 data versus the average of July 1984 to June 1985 data.
Does not include transportation.
@ Passenger traffic includes enplanements and deplanements.
@@ This figure includes full and part time employment at Los Alamos National Laboratory (LANL). Full time equivalent employment (FTE) at LANL is 7,733 as of March 1990 according to LANL Personnel Dept.
@@@ Includes recurring and non-recurring revenues.

Sources: New Mexico Department of Labor: Sections 1, 3, 4, 5, 6, 7, 8, 9, 10;
Dun and Bradstreet, Inc.: Section 1;
U. S. Dept of Commerce, Bureau of Economic Analysis: Section 1;
USDA Statistical Reporting Service: Section 2;
New Mexico Energy, Minerals and Natural Resources Dept., Oil and Gas Conservation Division: Section 3;
New Mexico Taxation and Revenue Dept., Oil and Gas Accounting Division: Section 3;
U. S. Dept. of Energy, Energy Information Administration: Section 3;
U. S. Dept. of Commerce, Bureau of the Census: Section 4;
F. W. Dodge Company (a division of McGraw Hill, Inc.): Section 4;
U. S. Federal Reserve: Section 8;
Federal Home Loan Bank of Dallas: Section 8;
U. S. Federal Deposit Insurance Corporation: Section 8;
New Mexico Energy, Minerals and Natural Resources Dept., Park and Recreation Division: Section 9;
U. S. National Park Service: Section 9;
City of Albuquerque, Albuquerque International Airport: Section 9;
New Mexico Dept. of Finance and Administration, Local Government Division: Section 9;
Pannell, Kerr and Forster: Section 9;
New Mexico Dept. of Finance and Administration: Section 10.

CITIES, COUNTIES AND FEATURES

GROSS RECEIPTS# FROM RETAIL TRADE
TOP 20 CITIES
($000)

	CURRENT 3 MONTH AVERAGE* MAY-JUL	% CHANGE AVERAGE YEAR AGO	PREVIOUS 3 MONTH AVERAGE* FEB-APR
Alamogordo	$ 16,584	4.8	$ 12,563
Albuquerque	272,913	1.7	223,763
Artesia	6,376	19.2	4,813
Carlsbad	15,501	12.5	12,839
Clovis	18,609	4.3	16,069
Deming	6,876	10.3	4,978
Espanola	7,454	-4.5	6,413
Farmington	36,172	17.6	30,298
Gallup	26,728	14.1	21,995
Hobbs	19,010	0.7	14,708
Las Cruces	43,977	13.2	34,507
Las Vegas	7,555	21.5	5,503
Los Alamos	7,504	3.9	5,889
Portales	6,189	10.7	4,146
Rio Rancho	9,535	57.8	6,106
Roswell	23,826	13.2	18,952
Ruidoso	6,672	14.8	4,653
Santa Fe	69,136	19.0	48,784
Silver City	9,598	6.7	6,929
Taos	10,125	13.7	7,874
State total	811,756	7.9	634,080

\# Gross receipts reported are for gross receipts tax purposes, which do not include all the receipts of all firms.
* Averages are used to smooth out fluctuations in the data, which are not caused by changes in economic conditions.

Source: New Mexico Taxation and Revenue Department.

NEW MEXICO CONSTRUCTION@
SELECTED CITIES

	NUMBER OF BUILDING UNITS OR PERMITS *				VALUE OF BUILDING PERMITS ($000)			
	JULY 1990	JULY 1989	CUMULATIVE TOTAL THROUGH JULY 1990	CUMULATIVE TOTAL THROUGH JULY 1989	JULY 1990	JULY 1989	CUMULATIVE TOTAL THROUGH JULY 1990	CUMULATIVE TOTAL THROUGH JULY 1989
NEW RESIDENTIAL**								
Alamogordo	3	3	28	34	$ 212	$ 216	$ 2,151	$ 2,231
Albuquerque, Total	81	119	1,098	1,222	7,447	8,768	79,442	79,330
Single Family	81	98	718	791	7,447	8,372	62,804	64,740
Multi Family	0	21	380	431	0	396	16,638	14,590
Carlsbad	1	2	13	12	77	142	1,039	993
Clovis	11	5	151	57	779	382	15,462	3,438
Farmington	4	6	27	25	179	423	1,823	1,732
Hobbs	0	0	0	2	0	0	0	183
Las Cruces	19	21	174	384	1,598	1,771	12,093	17,591
Los Alamos	4	1	19	7	506	150	2,754	932
Rio Rancho	31	51	203	478	1,724	2,611	10,120	23,248
Roswell	6	10	39	36	527	454	3,137	2,321
Ruidoso	3	4	43	28	285	717	4,452	2,325
Santa Fe	36	20	279	381	3,501	2,393	32,291	24,305
NEW NONRESIDENTIAL								
Alamogordo	10	2	42	36	173	3	1,323	804
Albuquerque	1	5	14	25	629	12,136	28,804	77,928
Carlsbad	6	2	45	31	51	9	845	444
Clovis	1	2	13	7	72	2,073	1,965	2,670
Farmington	3	0	7	6	257	0	849	587
Hobbs	0	1	8	6	0	14	826	2,519
Las Cruces	8	15	84	72	819	428	5,076	4,172
Los Alamos	3	1	13	4	5	225	609	274
Rio Rancho	1	2	2	10	300	1,850	500	4,163
Roswell	6	7	58	50	194	131	1,616	1,204
Ruidoso	1	1	12	5	100	5	580	506
Santa Fe	10	6	48	46	591	1,819	7,745	9,015

Note: Top twelve cities chosen on basis of residential construction activity during the period 1982 through 1984.
@ Data refer only to permits authorized for private construction projects. Public buildings and projects are excluded.
* Residential data shows the number of permitted units, while nonresidential data shows the number of permits.
** Residential data includes both single and multi-family units. In the case of Albuquerque, single and multi-family units are also shown separately.

Sources: U. S. Department of Commerce, Bureau of the Census: all cities, except for Rio Rancho;
City of Rio Rancho: Rio Rancho only.

CITIES, COUNTIES AND FEATURES (continued)

ESTIMATED CIVILIAN LABOR FORCE AND EMPLOYMENT
(000)

	NEW MEXICO			ALBUQUERQUE MSA*			LAS CRUCES MSA**			SANTA FE MSA***		
	JULY p	% CHANGE YEAR AGO	JUNE r	JULY p	% CHANGE YEAR AGO	JUNE r	JULY p	% CHANGE YEAR AGO	JUNE r	JULY p	% CHANGE YEAR AGO	JUNE r
TOTAL CIVILIAN LABOR FORCE	711.2	0.8	712.9	265.8	-1.2	266.6	58.8	1.0	61.0	72.3	2.8	71.4
Employment@	664.8	1.1	659.9	251.1	-1.5	250.6	54.5	1.1	55.9	69.7	3.6	68.5
Unemployment	46.4	-2.5	53.0	14.7	2.8	16.0	4.3	0.0	5.1	2.6	-13.3	2.9
Unemployment rate (%)	6.5	-	7.4	5.5	-	6.0	7.3	-	8.4	3.6	-	4.1
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT	566.7	1.9	571.1	242.0	0.9	243.6	41.1	2.2	43.3	60.4	4.0	60.3
Mining	14.6	0.7	14.7	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1
Contract construction	29.5	-8.4	29.3	12.7	-9.3	12.7	2.5	0.0	2.5	2.8	-3.4	2.8
Manufacturing	42.9	3.1	43.3	21.2	0.0	21.2	3.4	-2.9	3.6	1.8	5.9	1.8
Durable goods	28.9	2.1	29.1	15.1	-0.7	15.1	1.6	0.0	1.6	1.2	9.1	1.2
Nondurable goods	14.0	5.3	14.2	6.1	1.7	6.1	1.8	-5.3	2.0	0.6	0.0	0.6
Transportation & public utilities	27.9	-0.4	27.8	12.1	-1.6	12.3	1.3	0.0	1.3	0.9	-10.0	0.9
Trade	136.2	0.5	136.3	61.2	0.8	61.4	9.2	4.5	9.4	11.5	1.8	11.4
Wholesale	24.7	2.1	24.7	14.7	1.4	14.8	1.0	0.0	1.0	1.0	11.1	1.0
Retail	111.5	0.2	111.6	46.5	0.6	46.6	8.3	6.4	8.4	10.6	1.9	10.5
Finance, insurance, & real estate	26.7	0.0	26.8	14.3	-0.7	14.5	1.7	0.0	1.7	2.2	0.0	2.2
Services	146.2	3.0	145.8	72.7	2.8	72.8	7.7	1.3	7.7	16.8	3.7	16.4
Government	142.7	5.4	147.1	47.7	2.8	48.6	15.2	2.7	17.1	24.5	7.0	24.8
Federal	32.8	1.2	33.1	13.9	0.0	14.1	4.4	2.3	4.4	1.9	5.6	1.9
State	47.2	8.8	48.5	11.5	6.5	11.9	5.8	3.6	6.6	18.4	7.6	18.4
Local	62.7	5.2	65.5	22.3	2.8	22.6	5.0	2.0	6.1	4.2	5.0	4.5

N Not available, less than 50 jobs.
p Preliminary.
r Revised.

* Bernalillo County.
** Dona Ana County.
*** Santa Fe and Los Alamos Counties.
@ Includes labor disputes.

Source: New Mexico Department of Labor.

Per Capita Personal Income, By State in 1989

	Dollars	Rank in U.S.	% Change 1988–89		Dollars	Rank in U.S.	% Change 1988–89		Dollars	Rank in U.S.	% Change 1988–89
Alabama	$13,625	43	6.3	Louisiana	$12,921	47	5.6	Ohio	$16,373	23	6.1
Alaska	21,656	4	12.6	Maine	16,248	26	8.0	Oklahoma	14,154	37	6.4
Arizona	15,802	29	5.4	Maryland	21,013	6	7.0	Oregon	15,919	28	7.5
Arkansas	12,901	48	6.3	Massachusetts	22,174	3	6.1	Pennsylvania	17,269	20	7.0
								Rhode Island	17,950	14	6.4
California	$19,929	8	5.4	Michigan	$17,444	19	6.4	South Carolina	13,634	42	5.6
Colorado	17,553	18	6.6	Minnesota	17,657	15	7.2				
Connecticut	24,683	1	6.4	Mississippi	11,724	50	6.1	South Dakota	$13,685	41	8.6
Delaware	18,483	12	6.5	Missouri	16,292	25	6.3	Tennessee	14,694	35	5.8
								Texas	15,702	31	6.4
Florida	$17,647	16	6.9	Montana	$14,078	38	9.4	Utah	13,079	46	7.0
Georgia	16,053	27	5.1	Nebraska	15,446	33	6.0	Vermont	16,371	24	7.2
Hawaii	18,472	13	9.7	Nevada	19,269	9	8.0				
Idaho	13,707	40	8.3	New Hampshire	20,267	7	4.4	Virginia	$18,927	10	6.9
								Washington	17,647	17	7.8
Illinois	$18,824	11	7.2	New Jersey	$23,778	2	6.8	West Virginia	12,345	49	6.6
Indiana	15,779	30	7.2	New Mexico	13,140	45	6.0	Wisconsin	16,449	22	7.0
Iowa	15,487	32	8.2	New York	21,073	5	7.2	Wyoming	14,508	36	5.7
Kansas	16,498	21	5.2	North Carolina	15,198	34	6.7				
Kentucky	13,743	39	7.4	North Dakota	13,563	44	9.9	United States	$17,596	—	6.6

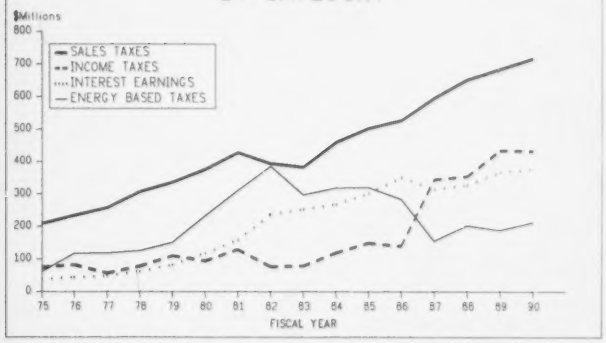
Source: U.S. Department of Commerce, Bureau of Economic Analysis, unpublished reports, August, 1990.

General Fund . . .

(*Continued from Page 1*)

FIGURE 3

GENERAL FUND REVENUES
BY CATEGORY



increased, but energy-based tax revenues have continued to decline, and interest earnings have provided slightly more than twenty percent of general fund revenues since 1987.

As things stand now, broad-based taxes supply about 65 percent of general fund revenues, with energy-based taxes adding another 12 percent and interest earnings about 21 percent. The remaining two percent is provided by license fees, reversions and various miscellaneous receipts. In FY88 and FY89, revenues were larger than appropriations, so there has been an increase in general fund cash balances (termed 'operating reserve', currently in excess of $100 million), and the immediate outlook for general fund revenues is good. Following a gross receipts tax increase, current estimates are for a ten percent general fund revenue increase in FY91. In the longer term, though, the outlook is more uncertain, due to the heavy reliance of general fund revenues on broad-based taxes, which are very responsive to changes in general economic conditions. Slower income and employment growth means slower general fund growth.

Lawrence A. Waldman, Economist

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